

HOUSE BILL NO. 108

INTRODUCED BY R. ERICKSON

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CONFORMING STATE WITHHOLDING PROVISIONS TO FEDERAL WITHHOLDING PROVISIONS FOR PENSIONS, ANNUITIES, AND CERTAIN OTHER DEFERRED INCOME; REQUIRING WITHHOLDING AT 30 PERCENT OF THE AMOUNT WITHHELD FOR FEDERAL TAX PURPOSES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Withholding from pensions, annuities, and certain other deferred income.** (1) In conformity with section 3405 of the Internal Revenue Code, 26 U.S.C. 3405, the payor of any periodic or nonperiodic payment, as defined in that section, shall:

(a) withhold from the payment 30% of the amount, if any, withheld for federal tax purposes; and

(b) withhold the amount in subsection (1)(a) and is liable for payment of the tax when required to withhold the amount for federal purposes.

(2) A designated distribution must be treated as if it was wages paid by an employer to an employee subject to withholding under 15-30-202. If a designated distribution is not subject to federal withholding because a federal election of no withholding was made under section 3405 of the Internal Revenue Code, 26 U.S.C. 3405, state withholding is not required and the amount withheld is considered zero.

**NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 2, and the provisions of Title 15, chapter 30, part 2, apply to [section 1].

**NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.

**NEW SECTION. Section 4. Applicability.** [This act] applies to payments made after December 31, 2007.

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